

Message Text

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FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 1193
INFO AMEMBASSY LONDON

C O N F I D E N T I A L KUALA LUMPUR 5322

E.O. 11652: GDS
TAGS: BDIS, MY
SUBJ: CORNING GLASS REALIGNMENT OF DISTRIBUTORSHIP
CREATE PROBLEMS FOR GOM

1. KAMARUDDIN BIN NORDIN, DIRECTOR, MINISTRY OF TRADE AND INDUSTRY'S (MTI) BUMIPUTRA (ETHNIC MALAYS) DIVISION, HAS ASKED FOR EMBASSY ASSISTANCE IN RESOLVING PROBLEM LAID ON HIS DESK BY GROUP OF POLITICALLY INFLUENTIAL MALAY LADIES.

2. PROBLEM CAUSED BY CORNING DECISION TO LIMIT DISTRIBUTION OF ITS PYREX GLASSWARES TO ONE TRADING HOUSE IN MALAYSIA. HERETOFORE, CORNING U.S. HAD HEGEMEYER TRADING CO. SDN. BHD. ACTING AS ITS AGENT FOR PYREX PRODUCED IN U.S. WHILE EUROPEAN DIVISION OF CORNING HAD J.L. MORRISON SDN. BHD. AS AGENT FOR ITS PYREX PRODUCTS. REPORTEDLY, AS RESULT OF RECENT CORPORATE DECISION, CORNING U.S. WITHDRAWING ITS AGENCY AGREEMENT WITH HEGEMEYER AND MALAYSIAN MARKET WILL BE SUPPLIED ENTIRELY BY EUROPEAN DIVISION THROUGH MORRISON.

3. BOTH HEGEMEYER AND MORRISON HAVE DISTRIBUTED GOODS IN SAME WAY -- PRIMARY SALES MADE THROUGH DEALERS WITH SECONDARY SALES OBTAINED THROUGH "PARTY SALES" BY INDIVIDUAL LADIES. LATTER SIMILAR TO TUPPERWARE PARTIES. HEGEMEYER HANDLED ITS PARTY SALES THROUGH

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ORGANIZATION KNOWN AS MARAHAKIN CORP. HEADED BY MRS.

SITI KHADTIJAH AND IS OWNED BY GROUP OF MALAY LADIES
MENTIONED ABOVE.

4. WITH SHIFT OF PYREX SALES TO MORRISON ON SOLE AGENT BASIS, LADIES GROUP HAS BEEN COMPLETELY CUT OUT OF ACTION. THEY HAVE COMPLAINED TO KAMARUDDIN WHO HAS ALSO BEEN CONTACTED ON THEIR BEHALF BY SOCIAL WELFARE MINISTER AISHAH GHANI, HEAD OF WANITA UMNO (WOMEN'S DIVISION OF UNITED MALAY NATIONAL ORGANIZATION). LADIES HAVE SENT COPIES OF THEIR CORRESPONDENCE WITH KAMARUDDIN TO PRIME MINISTER AND DEPUTY MINISTER.

5. KAMARUDDIN HAS CONTACTED BOTH HEGEMEYER AND MORRISON TO VERIFY SITUATION DESCRIBED ABOVE. HEGEMEYER NOW ESSENTIALLY OUT OF PICTURE. MORRISON, WHICH OLD-LINE BRITISH TRADING HOUSE, HAS GIVEN VERY VAGUE INDICATION THAT THEY MAY TRY TO WORK OUT SOME DEAL WITH LADIES. KAMARUDDIN, WHO HAS HAD EXTENSIVE EXPERIENCE WITH FIRMS LIKE MORRISON, BELIEVES THEY MAY SIMPLY BE STALLING. WITH PERMISSION OF MTI'S DIRECTOR GENERAL, HE HAS APPROACHED EMBASSY WITH REQUEST THAT THIS PROBLEM BE DISCUSSED WITH CORNING U.S. HEADQUARTERS TO SEE IF LADIES' DESIRE TO CONTINUE HANDLING PARTY SALES CAN BE SOMEHOW ACCOMMODATED.

6. COMMENT. WHILE RECOGNIZING UNUSUAL NATURE OF REQUEST, EMBASSY WOULD APPRECIATE DEPARTMENT'S QUIETLY RAISING PROBLEM WITH CORNING. KAMARUDDIN HEADS POWERFUL UNIT IN MTI CHARGED WITH IMPLEMENTING AND OVERSEEING COMPANIES' EFFORTS TO MEET GOM'S BUMIPUTRA EMPLOYMENT GOALS. HE HAS PROVEN TO BE EXCEPTIONALLY HELPFUL TO AMERICAN FIRMS ON SEVERAL PAST OCCASIONS AND HAS PROVEN TO BE A VERYT VALUABLE EMBASSY CONTACT ON BUMIPUTRA QUESTIONS.

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